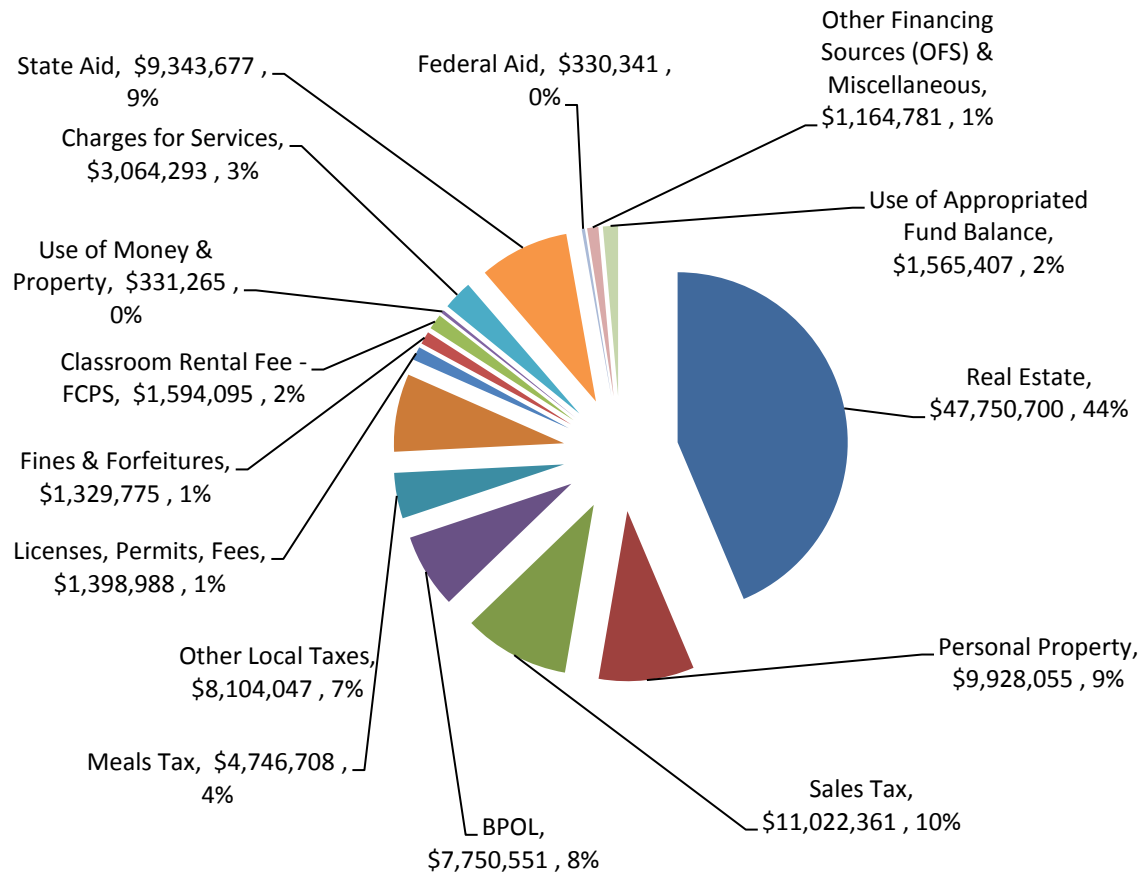


# **GENERAL FUND REVENUE OVERVIEW**

The following pie chart provides an overview by category of general fund revenue sources for the City of Fairfax as part of the FY 2011 Budget.

**FY 2011 General Fund Revenues by Category -  
\$109,425,043**



**FY 2011 Adopted Budget – City of Fairfax, VA**

**FY 2011 General Fund Revenue Summary**

Account	Account Title	FY 2009 Actual	FY 2010 Budget	FY 2010 Estimated	FY 2011 Adopted
<b>General Property Taxes</b>					
311110	Real Estate Current December	\$22,069,421	\$23,152,855	\$22,800,228	\$23,073,154
311111	Real Estate Current June	22,908,601	22,097,668	23,324,387	22,061,859
311112	Real Estate Old Town - June	97,754	111,377	99,545	100,239
311113	Delinquent Real Estate	591,406	549,863	899,000	423,838
311114	Real Estate Old Town - December	111,072	111,377	103,900	100,239
311116	Delinquent R/E Old Town District	4,280	12,000	18,803	18,803
311117	Real Estate BID District	51,103	-	-	-
311119	Delinquent R/E Commercial	-	-	67,412	50,000
311121	Comm. R/E Tax Rate Trans. - June	751,515	800,000	795,213	482,000
311122	Comm. R/E Tax Rate Trans. - December	0	800,000	482,000	434,000
311210	Personal Property Current	10,118,053	9,754,111	9,383,225	9,428,505
311213	Delinquent Personal Property	727,995	129,511	380,000	230,159
311311	PSC R/E Current	716,064	818,873	827,592	827,592
311312	PSC PP Current	224,599	238,295	269,391	269,391
311313	PSC Delinquent R/E Taxes	(57,132)	10,000	10,000	10,000
311410	Penalties on Delinquent Taxes	279,246	166,325	225,000	108,975
311411	Interest on Delinquent Taxes	154,581	64,934	188,000	60,000

<b>Total General Property Taxes</b>	<b>\$58,748,558</b>	<b>\$58,817,189</b>	<b>\$59,873,696</b>	<b>\$57,678,755</b>
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**Other Local Taxes**

312010	Local Sales & Use Tax	\$8,831,494	\$9,865,549	\$10,914,516	\$11,022,361
312011	Consumers Utility Tax	1,512,859	1,436,985	1,588,502	1,604,387
312012	Business & Occupational Licenses	8,375,551	8,573,828	7,750,551	7,750,551
312013	Motor Vehicle Licenses	458,230	458,480	585,000	585,000
312014	Recordation Tax	278,909	79,264	277,621	277,621
312015	Bank Stock Tax	1,192,571	1,148,952	1,399,571	1,399,571
312016	Tobacco Tax	775,713	702,317	846,448	1,185,848
312017	Transient Lodging Tax	528,681	510,942	510,942	566,051
312018	Meals Tax	4,634,109	4,654,015	4,630,935	4,746,708
312021	Consumption Tax	109,712	125,655	109,712	109,712
312024	Communication Taxes	2,369,775	2,456,902	2,262,721	2,375,857

<b>Total Other Local Taxes</b>	<b>\$29,067,605</b>	<b>\$30,012,889</b>	<b>\$30,876,519</b>	<b>\$31,623,668</b>
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**FY 2011 Adopted Budget – City of Fairfax, VA**

**General Fund Revenue Summary**

<b>Account</b>	<b>Account Title</b>	<b>FY 2009 Actual</b>	<b>FY 2010 Budget</b>	<b>FY 2010 Estimated</b>	<b>FY 2011 Adopted</b>
<b>Licenses, Permits &amp; Fees</b>					
313202	Building Permits	\$93,928	\$114,322	\$117,273	\$114,955
313203	Electrical Permits	53,202	54,150	78,189	80,044
313204	Plumbing Permits	28,303	28,761	34,094	34,872
313205	Mechanical Permits	47,336	51,949	65,189	66,744
313206	Elevator Inspection	56,154	48,000	54,746	56,115
313225	Rental Housing Occupancy	350	9,000	14,755	15,124
313226	Fire Marshal Permit	69,754	74,162	62,917	64,490
313227	Fire Protection System Permit	16,960	19,741	12,664	12,981
313231	Fire Marshal Development Fees	16,468	16,818	15,670	16,062
313233	Public Safety Fee	41,606	41,000	41,000	42,025
313234	Reinspection Fees	586	462	410	420
313308	Sign Permits	17,966	16,510	16,119	16,522
313309	Occupancy Permits	28,999	25,085	29,575	31,178
313310	Soil & Erosion Fees	5,250	6,150	35,460	43,095
313323	Zoning Fees	36,780	27,230	31,150	42,845
313328	Special Use Permits	81,375	47,314	97,810	126,910
313329	Variances	23,050	1,500	18,550	22,364
313330	Partial R/E Tax Exemption	180	330	60	62
313411	Cemetery Interments	30,405	52,535	38,880	39,852
313420	Street Opening Permits	58,945	64,416	32,354	33,163
313430	Precious Metal Permits	600	-	400	410
313440	Public Right of Way Use	204,455	177,808	257,398	263,832
313510	Animal Licenses	12,145	11,785	11,683	11,975
313512	Peddlers Permits	6,615	9,330	7,698	7,891
313620	Transfer Fees	62,706	60,945	79,718	81,711
313630	Cellular Communication	71,268	60,000	71,560	173,349
<b>Total Licenses, Permits &amp; Fees</b>		<b>\$1,065,386</b>	<b>\$1,019,301</b>	<b>\$1,225,322</b>	<b>\$1,398,988</b>
<b>Fines &amp; Forfeitures</b>					
314001	Court Fines & Forfeitures	\$565,232	\$555,437	\$611,208	\$611,208
314002	Parking Fines	175,538	186,535	120,249	140,249
314003	Juvenile Court	5,895	4,741	5,725	5,725
314005	Circuit Court Revenue	4,987	5,804	6,093	6,093
314006	Court Facilities Fee	17,302	19,680	18,968	18,968
314010	Zoning Civil Penalties	8,800	3,468	15,200	15,200
314011	Photo Red Light	-	540,000	-	432,000
314012	Jail Admin Fee	2,213	2,644	1,603	1,603
314013	Courthouse Security	89,926	94,708	98,729	98,729
314021	Overweight Truck Fine	3,701	1,055	-	-
<b>Total Fines &amp; Forfeitures</b>		<b>\$873,594</b>	<b>\$1,414,071</b>	<b>\$877,775</b>	<b>\$1,329,775</b>

**FY 2011 Adopted Budget – City of Fairfax, VA**

**General Fund Revenue Summary**

<b>Account</b>	<b>Account Title</b>	<b>FY 2009 Actual</b>	<b>FY 2010 Budget</b>	<b>FY 2010 Estimated</b>	<b>FY 2011 Adopted</b>
<b>Use of Money &amp; Property</b>					
315101	Interest on Investments	\$315,800	\$335,000	70,000	60,000
315106	Unrealized Gain / (Loss)	-	-	-	-
315201	Rental - General Property	200	-	-	-
315202	Rental - Old Town Hall	128,251	111,000	125,000	125,000
315203	Rental - Green Acres	46,189	20,000	35,000	35,000
315206	Rental - Schools	1,480,065	1,396,097	1,396,100	1,594,095
315208	Rental - Community Center	-	-	-	76,065
315209	Rental - Main Street Day Care	24,000	24,000	25,200	25,200
315210	Rental - Westmore School	300,000	300,000	45,000	-
315211	Rental - Blenheim	3,546	25,000	8,200	10,000
<b>Total Use of Money &amp; Property</b>		<b>\$2,298,050</b>	<b>\$2,211,097</b>	<b>\$1,704,500</b>	<b>\$1,925,360</b>
<b>Charges for Services</b>					
316110	Court Fees	\$5,107	\$6,627	2,849	2,849
316220	Sale of Record Copies	2,119	2,418	1,760	1,760
316221	False Alarm Fees	43,550	40,636	30,081	35,081
316223	Ambulance Fees	878,710	1,020,000	1,050,000	1,260,000
316224	Emergency Response Billing	-	-	-	80,000
316225	Fire Recovery Fee - GMU	-	-	-	150,000
316230	Animal Control Fees	1,183	1,358	1,888	1,888
316349	Senior Programs	62,903	76,123	62,638	72,892
316350	Rec. Trips - Youth, Teen, and Adult	164,494	188,649	188,649	188,649
316351	Day Camps	454,362	525,118	525,118	525,118
316352	Pavilion Rentals	27,005	45,456	45,456	88,053
316353	Cultural Arts	222	-	-	-
316354	Special Events	198,976	154,010	119,010	119,010
316355	Museum Revenue	514	400	330	330
316356	Museum Gift Shop	10,432	15,000	7,977	7,977
316357	Show Mobile Revenue	4,350	9,600	3,330	3,330
316460	Sale of Publications	69	55	33	33
316461	Subdivision Review Fees	1,300	1,682	7,900	1,300
316462	Site Plan Review Fees	87,443	94,910	62,400	62,400
316463	Architectural Review	3,385	1,495	3,068	3,068
316464	Tree Removal Permit	830	214	750	750
316466	Surety Review	9,025	9,084	8,050	8,050
316467	Mapping Sales	447	1,504	1,060	1,060
316570	School Age Child Care	396,955	377,503	396,955	396,955
316580	Returned Check Fees	5,325	5,515	5,246	5,246
316581	Charge Card Fees	12,076	12,314	10,460	10,460
316585	Administrative Fees	14,748	1,019	6,136	6,136
316586	Collection Fees	4,776	2,303	3,975	3,975
316587	Attorney Fees	5,178	4,278	2,269	2,269
316712	5% Late Charge	2,040	1,354	1,334	1,334
316811	Inspection Fees After Hours	26,693	-	24,320	24,320
<b>Total Charges for Services</b>		<b>\$2,424,216</b>	<b>\$2,598,626</b>	<b>\$2,573,041</b>	<b>\$3,064,293</b>

**FY 2011 Adopted Budget – City of Fairfax, VA**

**General Fund Revenue Summary**

Account	Account Title	FY 2009 Actual	FY 2010 Budget	FY 2010 Estimated	FY 2011 Adopted
<b>Miscellaneous Revenue</b>					
318102	Sale of Surplus Property	\$23,958	\$34,000	\$8,254	\$8,254
318104	Sale of Cemetery Lot	41,040	63,853	17,306	17,306
318105	Perpetual Care - Cemetery	14,295	32,490	6,738	6,738
318107	Recycled Newspaper	31,841	41,393	-	-
318108	Sale of City License Plates	5,295	2,500	5,220	5,220
318201	Misc. Revenue	64,048	89,636	17,120	40,181
318203	Police Seized Assets	-	-	-	-
<b>Total Miscellaneous Revenue</b>		<b>\$180,476</b>	<b>\$263,872</b>	<b>\$54,638</b>	<b>\$77,699</b>
<b>State Aid</b>					
321101	ABC Profits	-	\$12,600	-	-
321102	Wine Taxes	-	13,000	-	-
321103	Rolling Taxes	480	480	590	590
321104	State Aid Police	647,948	660,000	624,110	617,200
321106	Vehicle Rental Tax	188,919	190,000	213,412	213,412
321201	Commissioner of Revenue	159,937	150,715	155,846	126,358
321202	Treasurer	122,871	123,582	122,646	105,000
321203	Registrar / Electoral	52,496	57,045	47,246	46,259
321204	DMV Reimbursement	36,506	44,962	43,315	43,315
324201	State Sales Tax	2,550,122	2,697,932	2,523,739	2,523,739
324202	Basic School Aid	4,420,614	3,940,825	3,746,270	3,610,810
324204	State School Capital	-	111,407	-	-
324236	LLEBG State Grant	-	-	-	-
324302	Four for Life Grants	21,311	18,704	18,704	21,310
324305	Smoke Alarm Grant	15,867	-	19,117	-
324323	Fire Equip Mini Grant	-	-	5,940	-
324324	Byrne Jag Grant	-	-	-	-
324331	Asset Forfeiture	3,211	10,000	4,600	2,000
324344	Fire Programs Fund	58,503	58,500	59,311	59,311
324403	Street & Highway Maint.	2,086,541	2,000,000	2,072,919	1,969,273
324405	Solid Waste Grant	6,337	6,337	5,125	5,100
324411	Disaster Assistance State	-	5,000	-	-
324612	Blenheim Grant	-	2,500	-	-
324614	Arts Grant	5,000	5,000	-	-
<b>Total State Aid</b>		<b>\$10,376,664</b>	<b>\$10,108,589</b>	<b>\$9,662,890</b>	<b>\$9,343,677</b>

**FY 2011 Adopted Budget – City of Fairfax, VA**
**General Fund Revenue Summary**

<b>Account</b>	<b>Account Title</b>	<b>FY 2009 Actual</b>	<b>FY 2010 Budget</b>	<b>FY 2010 Estimated</b>	<b>FY 2011 Adopted</b>
<b>Federal Aid</b>					
331005	Bulletproof Vest Grant	\$2,205	\$3,500	\$2,500	\$2,500
331007	COPS 2005 Tech Grant	116,912	-	17,502	-
331009	Alcohol Safety Grant	17,882	19,143	19,000	19,000
331010	Gang Task Force Grant	133,686	-	38,841	38,841
331018	NCR Regional Planner	79,307	166,508	125,000	125,000
331023	Byrne JAG Grant	632	-	705	-
331037	Secret Service Task	9,122	5,000	5,000	5,000
331043	Fire SAFER Grant	288,707	174,526	153,000	125,000
331045	Citizen Preparedness Grant	3,693	10,000	5,000	5,000
331046	LEMPG Grant	5,000	-	10,000	10,000
<b>Total Federal Aid</b>		<b>\$657,146</b>	<b>\$378,677</b>	<b>\$376,548</b>	<b>\$330,341</b>
<b>Other Financing Sources</b>					
318282	Fairfax Little League	-	-	5,625	5,625
318288	FPYC Turf Contribution	43,125	21,000	77,375	77,375
318289	Schools Turf Contribution	20,000	20,000	20,000	20,000
319008	City - County Contract	911,546	942,054	942,053	974,082
341040	Sale of Property	-	2,700,000	3,100,000	-
341045	School Bond Cap. Int. Reimb.	16,064	-	-	-
342030	Insurance Recoveries	-	10,000	13,800	10,000
347325	School Bond Cap. Int. Reimb.	1,850,000	-	-	-
347360	Old Town FX CIP Transfer	44,772	-	-	-
347403	Sewer Transfers	2,500	-	-	-
347512	Water Transfers	2,500	-	-	-
<b>Total Other Financing Sources</b>		<b>\$2,890,507</b>	<b>\$3,693,054</b>	<b>\$4,158,853</b>	<b>\$1,087,082</b>
<b>Total Revenues</b>		<b>\$108,582,201</b>	<b>110,517,366</b>	<b>\$111,383,782</b>	<b>\$107,859,637</b>
<b>Appropriated Fund Balance</b>		<b>\$3,877,676</b>	<b>(\$180,968)</b>	<b>\$1,181,000</b>	<b>\$1,565,407</b>
<b>Total Revenue Available</b>		<b>\$112,459,877</b>	<b>110,336,398</b>	<b>\$112,564,782</b>	<b>\$109,425,043</b>

**History of General Fund Revenues by Category**

<b>Category</b>	<b>FY 2003 Actual</b>	<b>FY 2004 Actual</b>	<b>FY 2005 Actual</b>	<b>FY 2006 Actual</b>	<b>FY 2007 Actual</b>	<b>FY 2008 Actual</b>	<b>FY 2009 Actual</b>	<b>FY 2010 Estimate</b>	<b>FY 2011 Adopted</b>
<b>Real Estate</b>	\$30,130,686	\$33,526,475	\$37,522,201	\$38,953,943	\$40,975,135	\$43,774,958	\$47,677,911	49,841,080	47,750,700
<b>Personal Property</b>	7,797,129	7,794,289	7,298,936	8,870,109	9,207,637	10,011,917	11,070,647	10,032,616	9,928,055
<b>Sales Tax</b>	9,875,008	10,608,683	11,604,756	13,721,180	13,587,593	13,433,255	8,831,494	10,914,516	11,022,361
<b>BPOL</b>	7,660,442	7,664,177	8,370,119	8,444,976	8,662,866	8,599,019	8,375,551	7,750,551	7,750,551
<b>Meals Tax</b>	1,930,225	2,087,428	2,176,558	2,235,496	2,301,359	4,628,045	4,634,109	4,630,935	4,746,708
<b>Other Local Taxes</b>	5,328,963	6,643,536	7,052,627	7,664,874	6,653,880	7,662,450	7,226,450	7,580,516	8,104,047
<b>Licenses, Permits, and Fees</b>	1,153,982	1,221,572	1,364,665	1,376,855	1,257,887	1,055,604	1,065,386	1,225,322	1,398,988
<b>Fines &amp; Forfeitures</b>	916,078	1,243,358	1,567,914	954,306	879,234	893,186	873,594	877,775	1,329,775
<b>Use of Money &amp; Property</b>	1,507,684	1,401,715	3,257,577	5,464,202	5,463,064	3,446,770	2,298,050	1,704,500	1,925,360
<b>Charges for Services</b>	791,781	962,585	954,341	973,262	1,061,561	1,391,864	2,424,216	2,573,041	3,064,293
<b>Intergovernmental</b>	8,150,217	8,965,341	9,444,194	10,054,930	10,597,452	10,960,395	11,033,810	10,039,438	9,674,018
<b>Other Financing Sources / Misc.</b>	268,958	230,315	260,375	1,016,217	1,066,827	3,527,196	3,070,983	4,213,491	1,164,782
<b>Appropriated Fund Balance</b>	-	-	-	-	-	2,180,574	3,877,676	1,181,000	1,565,407
<b>Total Revenue</b>	<b>\$75,511,153</b>	<b>\$82,349,474</b>	<b>\$90,874,263</b>	<b>\$99,730,350</b>	<b>\$101,714,496</b>	<b>\$111,565,233</b>	<b>\$112,459,877</b>	<b>\$112,564,782</b>	<b>\$109,425,043</b>



# Major Revenue Sources

## Real Estate Tax

### Background

Each year, the City Assessor's Office appraises all **real property** in the City to determine its value for tax purposes. All assessments of real property, including land and permanently affixed structures, are based on **fair market value** and are equitable with the assessments of comparable properties. Real estate assessments, which are made each year by the Assessor's Office, are effective January 1 of the year and are at 100 percent of fair market value. During the budget process, City Council determines how much income the City must generate to provide municipal services to residents. The Council then sets a tax rate that will yield the needed revenue. That tax rate multiplied by the assessed value of the property determines the taxes owed by each property owner. City taxes are paid twice a year, on June 21 and December 5.

### Fiscal Impact – Real Estate Tax Revenues

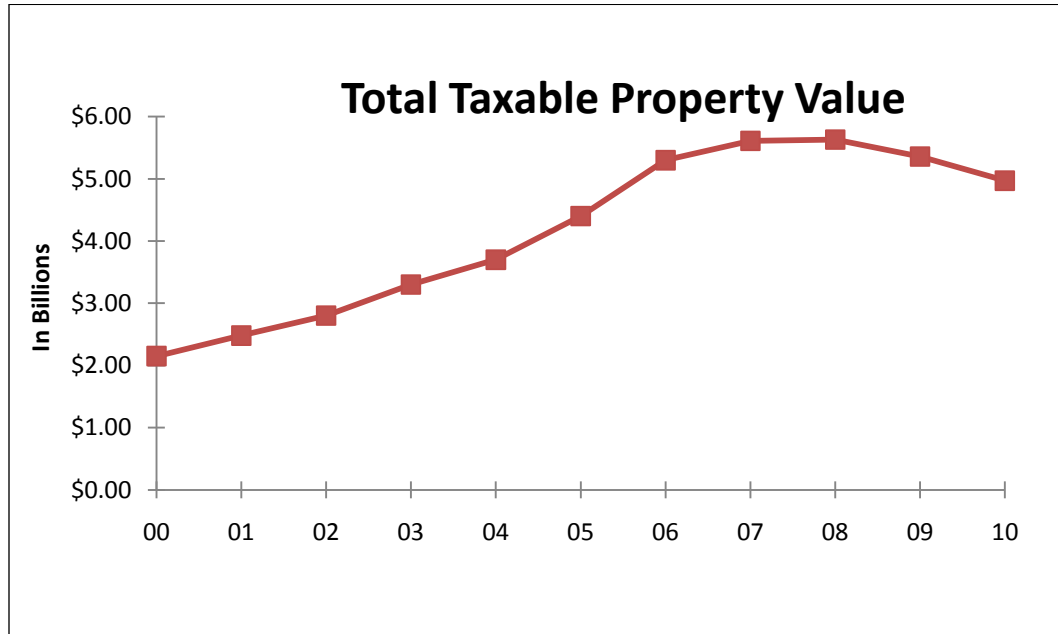
Category Per	FY 2009 Actual	FY 2010 Budget	FY 2010 Estimate	FY 2011 Adopted
Real Estate Tax Revenue	\$47,677,911	\$48,695,272	\$49,841,080	\$47,750,700
Real Estate Tax Rate	\$.79	\$.88	\$.88 / \$.955	\$.955
Old Town Service District Tax Rate	\$.06	\$.06	\$.06	\$.06
Commercial & Industrial Tax Rate	n/a	\$.08	\$.08 / \$.055	\$.055

Real property tax revenues account for the largest category of revenue for the General Fund, representing 44 percent of total General Fund revenues. A real estate tax rate of \$.955, a \$.075 increase, is adopted for FY 2011. Real estate assessments are calculated at 100% full market value.

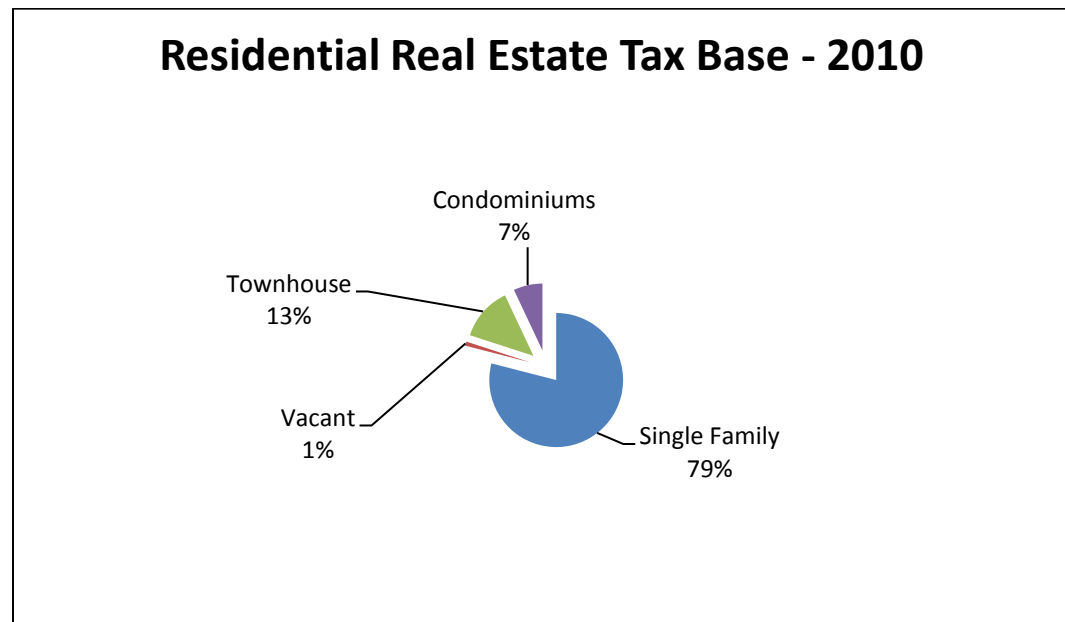
Total real estate assessments are down 7.2 percent, which includes new construction of \$18.4 million, compared to a 4.9 percent decrease for the previous fiscal year.

Assessments	CY 2009	CY 2010	Variance	
			\$	%
Residential	3,182,468,200	3,022,012,000	(160,456,200)	-5.0%
Commercial	2,177,141,900	1,950,868,538	(226,273,363)	-10.4%
<b>Total</b>	<b>5,359,610,100</b>	<b>4,972,880,538</b>	<b>(386,729,563)</b>	<b>-7.2%</b>

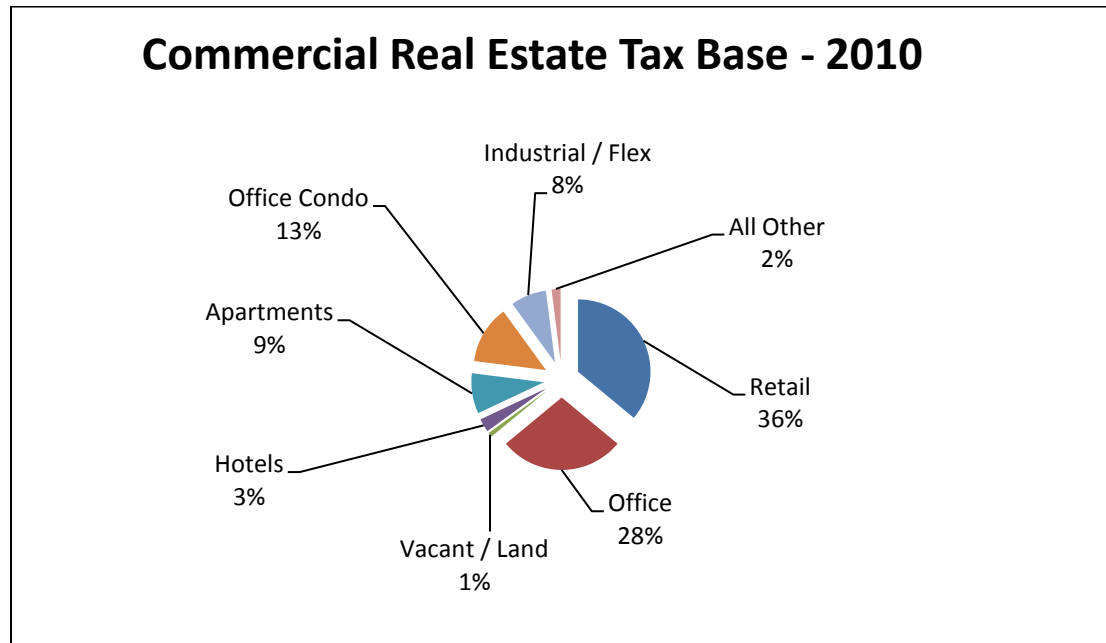
The 2009 total taxable value of City residential and commercial properties before appeals is \$4,972,880,538 and is less than last year's total assessed value by \$386,729,563 (-7.2%).



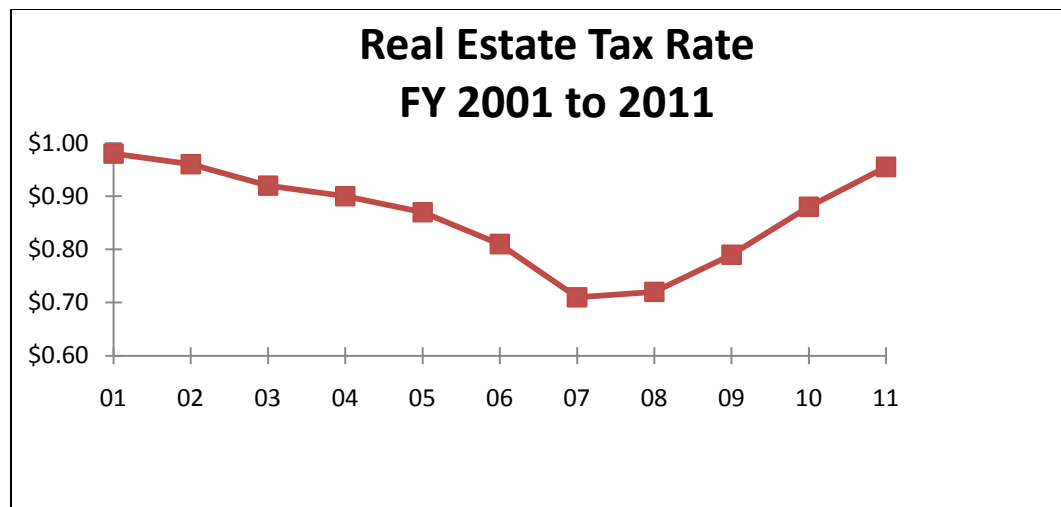
The overall residential assessment total has decreased by 5.0 percent, and includes new construction. The following notes the breakout by category for the Residential tax base.



Commercial assessments have witnessed a decrease of 10.4 percent overall, and includes new construction. The following notes the breakout by category for the Commercial tax base.

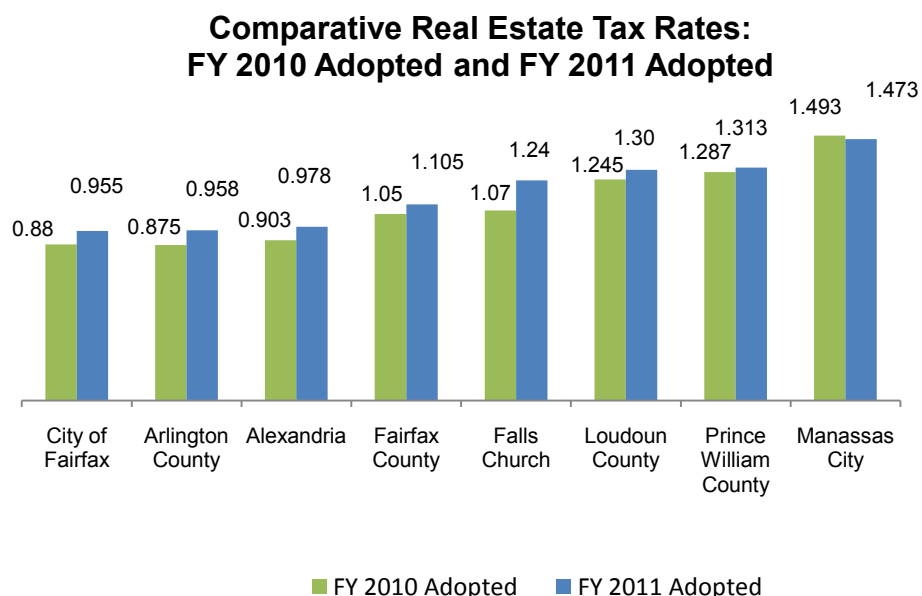


The budget notes a tax rate increase of \$.075 from \$.88 to \$.955 per \$100 of assessed valuation for FY 2011. This is a \$.005 increase above the overall equalization rate of \$.95 per \$100 of assessed valuation. In addition, the City currently has two service districts, the Old Town and the Commercial Real Estate Transportation Tax which the City assesses an additional tax to the real estate parcels contained in those districts. The Old Town Service District will remain at \$.06 per \$100 of assessed value. Revenue will continue to help fund remaining costs of undergrounding overhead utility lines in the Old Town Service District. As part of the FY 2010 Adopted Budget, the Commercial Real Estate Transportation tax provides for a surcharge on commercial real estate properties at a rate of \$.08 per \$100 of assessed value. During the FY 2011 budget process, the City Council decreased this rate from \$.08 per \$100 of assessed value to \$.055 per \$100 of assessed value.



In comparing tax rates, it is important to keep in mind two factors often overlooked – levels of service vary from jurisdiction to jurisdiction, and for residents of area towns, a town tax is levied in addition to the county tax. The City of Fairfax prides itself on its high level of services and low tax rate – one of the lowest in Northern Virginia. Two large towns in our immediate area – Vienna and Herndon – known for similar levels of community services, levy real estate taxes of \$.21 and \$.24 per \$100 (current fiscal year rates), respectively, in addition to the Fairfax County FY 2011 Adopted tax is \$1.105 per \$100.

Comparative information was gathered from surrounding jurisdictions' FY 2011 Adopted Budgets.



The Adopted real estate tax rate of \$.955 is a \$.075 increase over FY 2010. The average residential tax bill is expected to increase by 2.6 percent. The following chart provides an illustrative example by three examples of assessed values:

**Impact of Real Estate Tax Rate  
Average Owner's Tax Bill at Various Values  
All Residential Properties**

CY 09 Assessment	FY 10 Tax Rate	FY 10 Tax Bill	CY 10 Assessment	FY 11 Tax Rate	FY 11 Tax Bill	Annual Increase	
						\$	%
300,000	0.88	2,640	283,500	0.955	2,707	67	2.6%
500,000	0.88	4,400	472,500	0.955	4,512	112	2.6%
700,000	0.88	6,160	661,500	0.955	6,317	157	2.6%

Note: average estimated decrease in assessment of 5.5 percent (excludes new construction); each property is separately valued therefore each assessment maybe higher or lower than the average.

## **Personal Property Tax**

### **Background**

The City of Fairfax assesses all individuals and businesses on the value of motor vehicles, including automobiles, trucks, motorcycles, trailers, campers and other recreational vehicles (RVs) and boats that are located in the City of Fairfax. The City also assesses all businesses on the value of all other personal property such as furniture and equipment located within the City boundaries. All such property is considered personal property. Additionally, the City imposes a Motor Vehicle License Tax for each vehicle and issues a vehicle license decal as proof that the license tax and personal property taxes have been paid.

The Commissioner of the Revenue determines the method of assessment for personal property and the City Council establishes the tax rate. The current personal property tax rate is \$4.13 per \$100 of assessed value. In addition to the personal property tax all motor vehicles normally garaged in the city are required to display a Motor Vehicle License Decal. The Motor Vehicle License Tax is \$ 33.00 per annum and is administered directly by the City Treasurer. Before obtaining a decal vehicle owners must register their vehicles with the Commissioner of the Revenue for personal property tax purposes.

At the current time, taxpayers are "reimbursed" by the state at a rate of approximately 52 percent of the tax up to the first \$20,000 of assessed value. This reimbursement is based on a fixed amount, approximately \$3.1 million, from the 2004 level of reimbursement. While in most cases a disproportionate amount of money collected at local levels is disbursed to other areas of the state through means such as the composite index for education funding, in the case of personal property tax, a disproportionately larger amount is paid to Northern Virginia, because there are more and higher value cars in this area.

### **Fiscal Impact – Personal Property Tax**

	<b>FY 2009 Actual</b>	<b>FY 2010 Budget</b>	<b>FY 2010 Estimate</b>	<b>FY 2011 Adopted</b>
<b>Personal Property Tax Revenue</b>	\$11,070,647	\$10,121,917	\$10,032,616	\$9,928,055
<b>Personal Property Tax Rate</b>	\$4.13	\$4.13	\$4.13	\$4.13

The FY 2011 Adopted budget notes no change in the Personal Property Tax rate of \$4.13. The FY 2009 actual for Personal Property notes a higher figure when

compared to FY 2010 and FY 2011, and is due to significant delinquent collections. The receipt of these property taxes were erroneously paid to Fairfax County by taxpayers, and then later correctly remitted to the City. The accompanying chart notes that the City will remain the third lowest in the region.

### **Personal Property Tax Rates FY 2011**





## **Local Sales and Use Tax**

### **Background**

A sales tax is imposed on gross receipts from retail sales. The seller collects the tax from the customer by separately stating the tax and adding it to the sales price or charge. Effective September 1, 2004, the rate of tax is 5% (4 % state and 1% local tax). Prior to that date, the rate was 4.5% (3.5% state and 1% local). "Retail sales" means sales made for any purpose other than for resale. The tax may also apply to the furnishing of transient accommodations and the lease or rental of personal property.

### **Fiscal Impact – Local Sales and Use Tax**

	<b>FY 2009 Actual</b>	<b>FY 2010 Budget</b>	<b>FY 2010 Estimate</b>	<b>FY 2011 Adopted</b>
<b>Local Sales &amp; Use Tax Revenue</b>	\$8,831,494	\$9,865,549	\$10,914,516	\$11,022,361

The local sales and use tax is one of the most important economic indicators and highest revenue generators for the City. The FY 2009 actual reflects a \$1.57 million repayment due to Fairfax County for erroneously credited sales tax funds to the City. The FY 2010 estimate is projected to exceed the FY 2010 budget by 11%. The FY 2011 figure of \$10.9 million notes a 1% growth over the FY 2010 estimate, and is consistent with regional forecasts from other jurisdictions.

## **Business, Professional, and Occupational License (BPOL) Tax**

### **Background**

All businesses operating in the City of Fairfax must apply for an annual license with the Commissioner of the Revenue. Business license taxes are levied annually and are typically based on a business's gross receipts. All new businesses must submit an application within 30 days of the start of operations. All business licenses expire at the end of each calendar year and must be renewed annually by **March 1**. Businesses in the City of Fairfax are taxed on either their gross receipts or a flat rate basis or both. Most businesses are taxed based on gross receipts. The BPOL tax rate is established annually by the City Council for each business category.

### **Fiscal Impact – BPOL Tax**

	<b>FY 2009 Actual</b>	<b>FY 2010 Budget</b>	<b>FY 2010 Estimate</b>	<b>FY 2011 Adopted</b>
<b>BPOL Tax</b>	\$8,375,551	\$8,573,828	\$7,750,551	\$7,750,551

BPOL funds are projected to decrease by 7% from FY 2009 to the FY 2010 Estimate, and this is based on revenue collected through March 2010. No increase in revenues is projected for FY 2011.

## Meals Tax

### Background

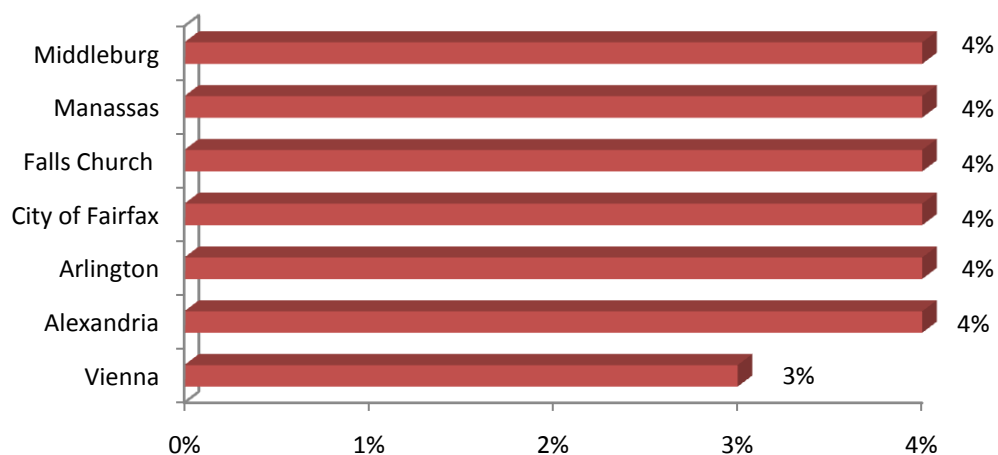
The City of Fairfax imposes a **4%** tax upon each and every meal sold in the City in or from a restaurant (or similar establishment), whether prepared in the restaurant or not and whether consumed on the premises or not. This tax was last increased from 2% to 4% as part of the FY 2008 Adopted Budget.

### Fiscal Impact

	<b>FY 2009 Actual</b>	<b>FY 2010 Budget</b>	<b>FY 2010 Estimate</b>	<b>FY 2011 Adopted</b>
<b>Meals Tax Revenue</b>	\$4,634,109	\$4,654,015	\$4,630,935	\$4,746,708
<b>Meals Tax Rate</b>	4%	4%	4%	4%

This has been a very stable source of revenue for the City. For FY 2010, revenue is projected to remain fairly constant from the FY 2009 actual, based on receipts for the first seven months of the current fiscal year. For FY 2011, a projection of \$4,746,708 is noted and reflects a 2.5% increase over the FY 2010 estimate per forecasts from the restaurant industry. As the following chart indicates, several area jurisdictions also impose this tax and in most cases at a rate on par with the City.

## Meals Tax Rates FY 2011



## Tobacco Tax

### Background

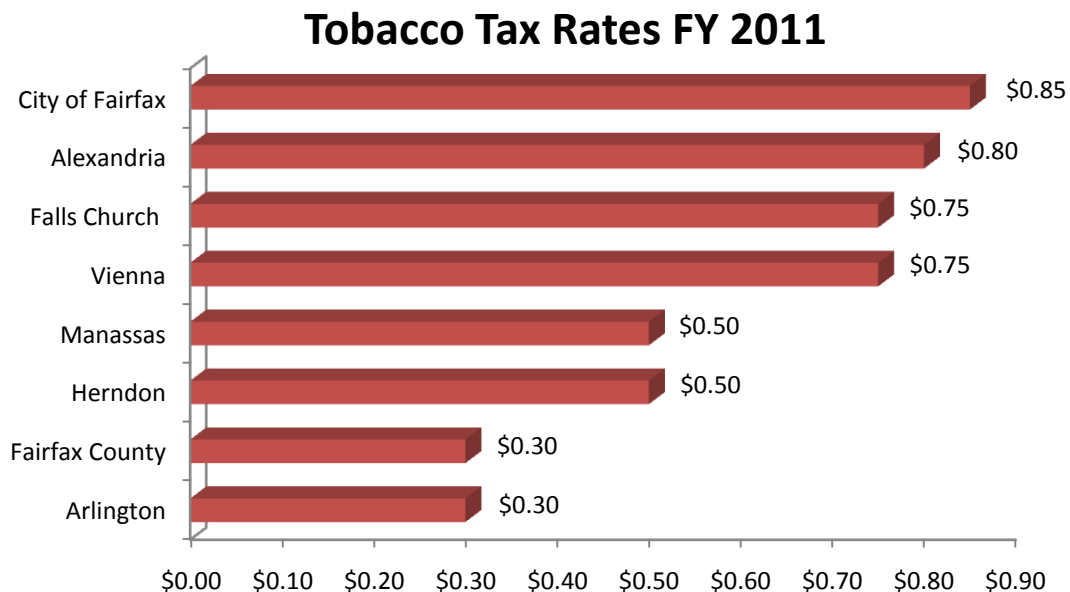
The cigarette tax is **\$.85 cents** for each package of 20 cigarettes sold or used within the City. On January 1, 2010 the Tobacco Tax was increased by \$.25 cents, from \$.50 to \$.75 per package. On July 1, 2010 the rate will again increase by \$.10, from \$.75 to \$.85 per package.

### Fiscal Impact

	FY 2009 Actual	FY 2010 Budget	FY 2010 Estimate	FY 2011 Adopted
<b>Tobacco Tax Revenue</b>	\$775,713	\$702,317	\$846,448	\$1,185,848
<b>Tobacco Tax Rate</b>	\$.50	\$.50	\$.75	\$.85

An additional **\$.10 cent** increase was approved as part of the FY 2011 Adopted Budget which would provide for an updated cigarette tax rate of **\$.85 cents** per package.

The ten cent rate increase will generate a projected \$170,000 for FY 2011. The following chart notes the City of Fairfax would then have the highest rate in the region.



## Transient Lodging Tax

### Background

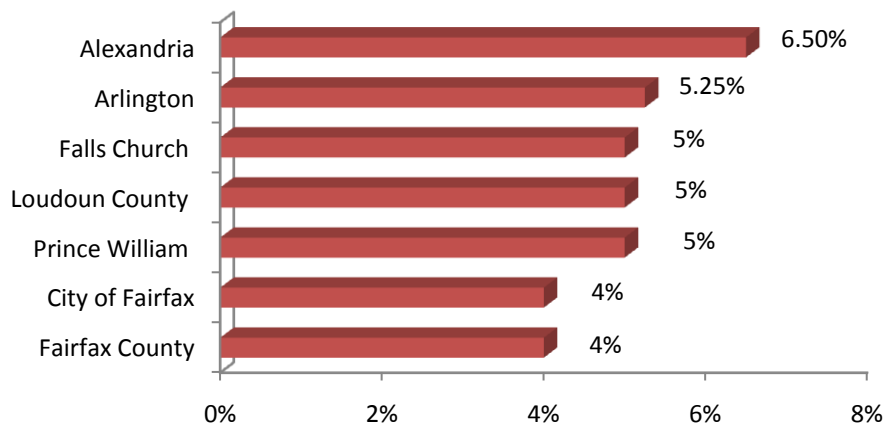
Every public or private hotel, inn, apartment hotel, hostelry, motel, or other lodging place within the city offering lodging for four or more persons at any one time on a transient basis (30 consecutive days or less), is levied a tax on the gross receipts of the lodging. The transient occupancy tax rate is **4 percent** of the total amount of the room rental charge, and is the maximum allowed per City charter. Any increase above the current figure needs approval from the General Assembly.

### Fiscal Impact

	<b>FY 2009 Actual</b>	<b>FY 2010 Budget</b>	<b>FY 2010 Estimate</b>	<b>FY 2011 Adopted</b>
<b>Transient Lodging Tax Revenues</b>	\$528,681	\$510,942	\$510,942	\$566,051
<b>Transient Lodging Tax Rate</b>	4%	4%	4%	4%

Initial projections for the Transient Lodging tax note the FY 2010 estimate to remain on par with the original projection for the FY 2010 Adopted Budget. FY 2011 projects an 11% increase over the FY 2010 estimate based on current trends and regional forecasts and the expected opening of a new hotel, Marriott, in the latter part of the fiscal year. The following chart notes the City of Fairfax has the second lowest rate in the region.

### Transient Lodging Tax Rate FY 2011



### **Licenses, Permits, and Fees**

	<b>FY 2009 Actual</b>	<b>FY 2010 Budget</b>	<b>FY 2010 Estimate</b>	<b>FY 2011 Adopted</b>
<b>Licenses, Permits, and Fees</b>	\$1,065,386	\$1,019,301	\$1,225,322	\$1,398,988

Projections for FY 2011 note a 14% increase from the FY 2010 estimate and include additional changes to the city's rates and levies recommended to be implemented on July 1, 2010. The City reviews these line items annually to ensure rates and levies are on par with other jurisdictions in the region.

### **Fines and Forfeitures**

	<b>FY 2009 Actual</b>	<b>FY 2010 Budget</b>	<b>FY 2010 Estimate</b>	<b>FY 2011 Adopted</b>
<b>Fines &amp; Forfeitures</b>	\$873,594	\$1,414,071	\$877,775	\$1,329,775

This category of revenues increases by 51% in FY 2011 from the FY 2010 estimate. This is due mainly to the Photo Red Light program which will be phased in during FY 2011, and is projected to generate \$432,000. Implementation of this program was originally scheduled to commence in FY 2010, but has since been deferred to FY 2011.

### **Use of Money and Property**

	<b>FY 2009 Actual</b>	<b>FY 2010 Budget</b>	<b>FY 2010 Estimate</b>	<b>FY 2011 Adopted</b>
<b>Use of Money and Property</b>	\$2,298,050	\$2,211,097	\$1,704,500	\$1,925,360

Income for FY 2011 is projected to decrease by 13% from the FY 2010 budget. Investment interest is projected to decrease from the FY 2010 Budget figure of \$335,000 to \$60,000 in FY 2011. This is based on the planned spenddown of bond funds and the current low interest rates given the economic environment. This revenue category also entails rental fees for the City. For FY 2011, there is no budgeted income from the Westmore School property compared with the \$300,000 originally budgeted for FY 2010. Rental revenue is now included for the Community Center (\$76,000) which is tentatively scheduled to open in January 2011. The City also receives a classroom rental fee (\$1.6 million) from Fairfax County Public Schools (FCPS) based on a formula involving County students attending City schools.

## **Charges for Services**

	<b>FY 2009 Actual</b>	<b>FY 2010 Budget</b>	<b>FY 2010 Estimate</b>	<b>FY 2011 Adopted</b>
<b>Charges for Services</b>	\$2,424,216	\$2,598,626	\$2,573,041	\$3,064,293

This category is projected to increase by 18% (\$465,700) from the FY 2010 budget to the FY 2011 Adopted figure. Three line items account for the majority of this variance. Ambulance recovery fees were increased effective January 1, 2010 and along with system improvements offered by a new vendor we expect to generate \$240,000 more in revenues for FY 2011. Also, a fire services recovery fee through George Mason University will be implemented and generate approximately \$150,000. In addition, Adopted implementation of an Accident Recovery Fee for public safety services will generate \$80,000. Consistent with the Ambulance recovery fees, this will be billed to the insurance companies.

## **State Aid**

	<b>FY 2009 Actual</b>	<b>FY 2010 Budget</b>	<b>FY 2010 Estimate</b>	<b>FY 2011 Adopted</b>
<b>State Aid</b>	\$10,376,664	\$10,108,589	\$9,662,890	\$9,343,677

Total funding for state aid is projected to decrease by 8% (\$764,900) from FY 2010 budget to FY 2011. The most notable decrease (\$628,600) is loss of education dedicated revenue sources in the form of basic aid and sales tax. Reductions are also noted to Police State Aid, Constitutional officers, and Highway Maintenance.

## **Federal Aid**

	<b>FY 2009 Actual</b>	<b>FY 2010 Budget</b>	<b>FY 2010 Estimate</b>	<b>FY 2011 Adopted</b>
<b>Federal Aid</b>	\$657,146	\$378,677	\$376,548	\$330,341

The majority of Federal Aid is dedicated to public safety areas. Funding is provided for the following: SAFER grant (Fire Department staffing) for \$125,000, Gang Task Force Grant for \$38,800, and National Capital Region Planner (Fire Department – Code Administration - Emergency Management) for \$125,000.